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Alleged 'Big Man' in Spy Case Denies

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SAN FRANCISCO—William B. Hugle, the San Jose entrepreneur named by the FBI as a middleman in the sale of ballistic missile defense secrets to Soviet Bloc agents in the late 1970s, has flatly denied any participation in or knowledge of espionage activities.

In his first public interview since federal agents last month named him as "The Big Man" who allegedly helped James D. Harper Jr., 49, sell classified documents to Polish intelligence agents, Hugle told *The Times* that he has been falsely accused by overzealous federal prosecutors.

"The U.S. attorney has no evidence against me because no such evidence—videotapes or documents—exists," he said. "I had no prior knowledge of Harper's activities and I received no money because of them."

He denied the charges against him in a hastily arranged interview in the Bay Area. Hugle went into seclusion after being named in an FBI affidavit filed in federal court in connection with Harper's arrest Oct. 15.

Hugle has appeared before a federal grand jury, where, according to sources familiar with the investigation, he invoked the Fifth Amendment against self-incrimination. He said in the interview that he has made himself available to federal investigators.

He said he finally agreed to meet with a reporter because he thinks the FBI allegations against him should not go unchallenged, although he refused to discuss in detail those matters under investigation. In addition to his denial of any involvement in spying, Hugle discussed his personal and business background and briefly mentioned a role in negotiations resulting in the release of 52 American hostages from the U.S. Embassy in Iran in 1981.

Hugle's assertion that the government does not have a case against him jibes with what sources close to the investigation earlier told *The Times*. Those sources said prosecutors were having trouble proving Hugle knew that Harper would sell classified files when they met with their contact.

Such a meeting would be illegal only if he knew that classified documents would be exchanged, they said. Complicating the matter is Hugle's public advocacy of freer trade with Communist nations.

In the interview, Hugle, 56, refused to discuss the circumstantial evidence outlined by the FBI in the affidavit. Key to the evidence was an accusation by Harper, allegedly confirmed by a defecting Polish intelligence agent and partially supported by independent FBI investigation, that Hugle had introduced Harper to Polish spies in Geneva and agreed to share in the money that Harper received for copies of classified U.S. defense documents.

Nor would Hugle discuss the possibility that federal prosecutors will try to indict him on charges of income tax evasion if they cannot prove an espionage charge.

A federal grand jury investigating the espionage case here has subpoenaed Hugle's financial records for the last 10 years. Assistant U.S. Atty. William Farmer said the records are needed to search for "possible unreported income and taxes" as well as evidence in the spy case.

Any Participation

The FBI apparently has been able to document frequent European trips by Hugle—trips that coincide with incriminating information supplied by Harper and the Polish defector, who is identified only as "The Source" in court records.

Investigators may also be reviewing previous attempts by Hugle to sell electronic equipment overseas, including one unsuccessful deal with a company represented by a man later named by the FBI as a lieutenant colonel in the Polish intelligence service, Sluzba Bezpieczenstwa.

In the end, federal prosecutors may be reluctant to identify "The Source" by calling him as a witness in court. Without his testimony or some other means of corroborating Harper's story, the prosecutors apparently believe they do not have enough evidence to convict Hugle.

Still, Farmer made it clear in a recent court hearing in the case that authorities believe Hugle was "the initiating force in a series of meetings between Harper and a high-ranking Polish intelligence official."

Hugle insists he is not guilty. He said there is no evidence that he knew what Harper had planned or that he ever saw any of the money he is alleged to have received in the deal. He also said commendations from former Secretary of State Edmund Muskie and the U.S. Department of Commerce prove his good citizenship.

The Department of Commerce citation was given to him about 10 years ago, he said, for his work in organizing and promoting the electronics industry in the Silicon Valley, a corridor of several hundred high-technology firms between Palo Alto and San Jose.

Hugle helped form several electronics firms, including Hugle & Lee, which became Siliconix; Stewart-Warner Microcircuits, now a part of Signetics; Hugle Industries; Hugle International, and IN Systems. He also was instrumental in forming the Semiconductor Equipment and Materials Institute, an industry group.

The Muskie letter was in thanks for Hugle's aid during the Iranian hostage crisis. Hugle would not discuss his role in that affair, but his son-in-law, Ali Reza Nobari, was governor of the central bank of Iran at the time and played a key role as an Iranian representative in the negotiations that led to the release of the hostages.

Nobari was educated at Stanford University, where he met and married Hugle's daughter, Cheryl. He returned to Iran in 1979 and is legally separated from Hugle's daughter, who lives in Los Altos.

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